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May 13, 2013

Honorable John J. Cleveland, Senate Chair  
Honorable Barry J. Hobbins, House Chair  
Energy, Utilities and Technology Committee  
100 State House Station  
Augusta, Maine 04333

**Re: LD 1507, An Act To Include Useful Thermal Energy as a Renewable Energy Source**

Dear Senator Cleveland and Representative Hobbins:

The Public Utilities Commission (Commission) testifies neither for nor against An Act To Include Useful Thermal Energy as a Renewable Energy Source. This bill would amend Maine's Class I new renewable resource portfolio requirement to include "useful thermal energy." Useful renewable energy is defined as renewable energy derived from geothermal, solar thermal or biomass thermal sources that can be metered and that is delivered to an end user in the form of direct heat, steam, hot water or other thermal form and that is used for heating, cooling, humidity control, process use or other thermal end use. The bill would also require the Commission to conduct a proceeding and adopt rules on a methodology for measuring "useful thermal energy" and valuing that energy for purposes of calculating renewable energy credits (RECs).

As the Commission has described in previous testimony (e.g. LD 646), a renewable resource portfolio requirement (often referred to a renewable portfolio standard or RPS) is a ratepayer incentive mechanism used to encourage the development and operation of legislatively designated types of electric generating facilities (usually renewable resources). Generally, the purpose of a renewable resource portfolio requirement is to promote regional resource diversity in facilities that generate electricity. It does so by creating a premium over electricity wholesale market prices for resources that might not otherwise be developed or operated. This premium is paid for by electricity customers through the supply portion of their bills.

It is unclear why "useful thermal energy" would be included as eligible for an electricity portfolio requirement and the Commission does not know how such an approach can be workable within a portfolio requirement mechanism. In the event the Committee is interested in incentives for thermal energy, the Commission suggests that the Committee consider other mechanisms, such as tax incentives or customer rebates.

The Commission looks forward to working with the Committee on LD 1507 and I would be happy to respond to any questions the Committee has at this time. The Commission will also be present at the work session to assist the Committee in its consideration of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Paulina McCarter Collins". The signature is fluid and cursive, with the first name "Paulina" being the most prominent.

Paulina McCarter Collins, Esq.  
Legislative Liaison

cc: Energy, Utilities and Technology Committee Members  
Jean Guzzetti, Legislative Analyst